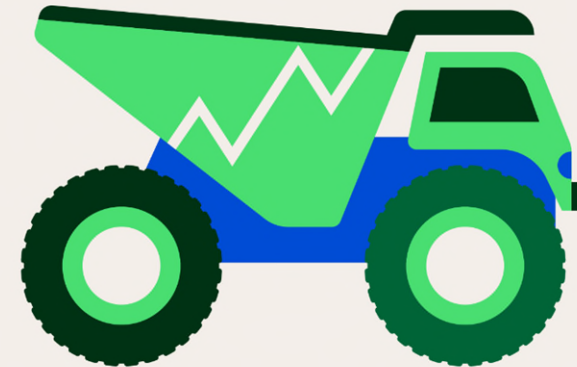




**BC Securities  
Commission**  
Invest Right

# What you should know about NI 43-101 & beyond

Presented by:  
Victoria Yehl – Manager, Mining  
BC Securities Commission





# Cautionary Statements / Terms of Use

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The presentation is provided for general information purposes only and does not constitute legal or technical advice.

Information has been summarized and paraphrased for presentation purposes and examples have been provided for illustration purposes only.

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# What we will discuss today



High level information you should know when making disclosure about mineral projects – the principles of disclosure



Elements of NI 43-101 and Form 43-101F1 to keep in mind



Some of the disclosure problems we see, and how we suggest you can avoid them plus comparisons to S-K 1300



A summary of information about what's going on in disclosure space



# Why do we have mining disclosure rules?

## Mining is capital intensive and risky

- Companies need access to risk capital
- Investors rely on company information
- Mining has numerous intrinsic risks
- Being misled is not an acceptable risk

## We regulate disclosure to:

- Protect investors
- Maintain integrity of capital markets

*Nothing happens without money and confidence!*



*Once public confidence is lost it is very hard to get it back*



# Mining “Issuers”:



~60% of global issuers  
report in Canada  
(~1,930)



# Canadian Securities Law

**Securities Laws exist to protect investors (the public) from:**

- Unfair, Improper, or Fraudulent Practices\*; and
- Foster Fair & Efficient Capital Markets

**This is done by requiring Companies (Issuers) to provide, in specific filings, disclosure that is:**

- Consistent;
- Comparable; and
- Decision-useful information

---

\* In this case, “Practices” means disclosure

# Canadian Regulators

## 13 Provincial/Territorial Agencies

- Report to provincial or territorial governments
- Generally self-funded
- British Columbia, Alberta, Ontario, & Quebec regulate majority of mining issuers
- Companies have a “principal regulator”

## Canadian Securities Administrators (“CSA”)

- Umbrella organization
- Role is to coordinate & harmonize
- Develop National Instruments (i.e. NI 43-101)



**CSA/ACVM** Canadian Securities Administrators **Autorités canadiennes en valeurs mobilières**





# Not only Canada has mining disclosure standards

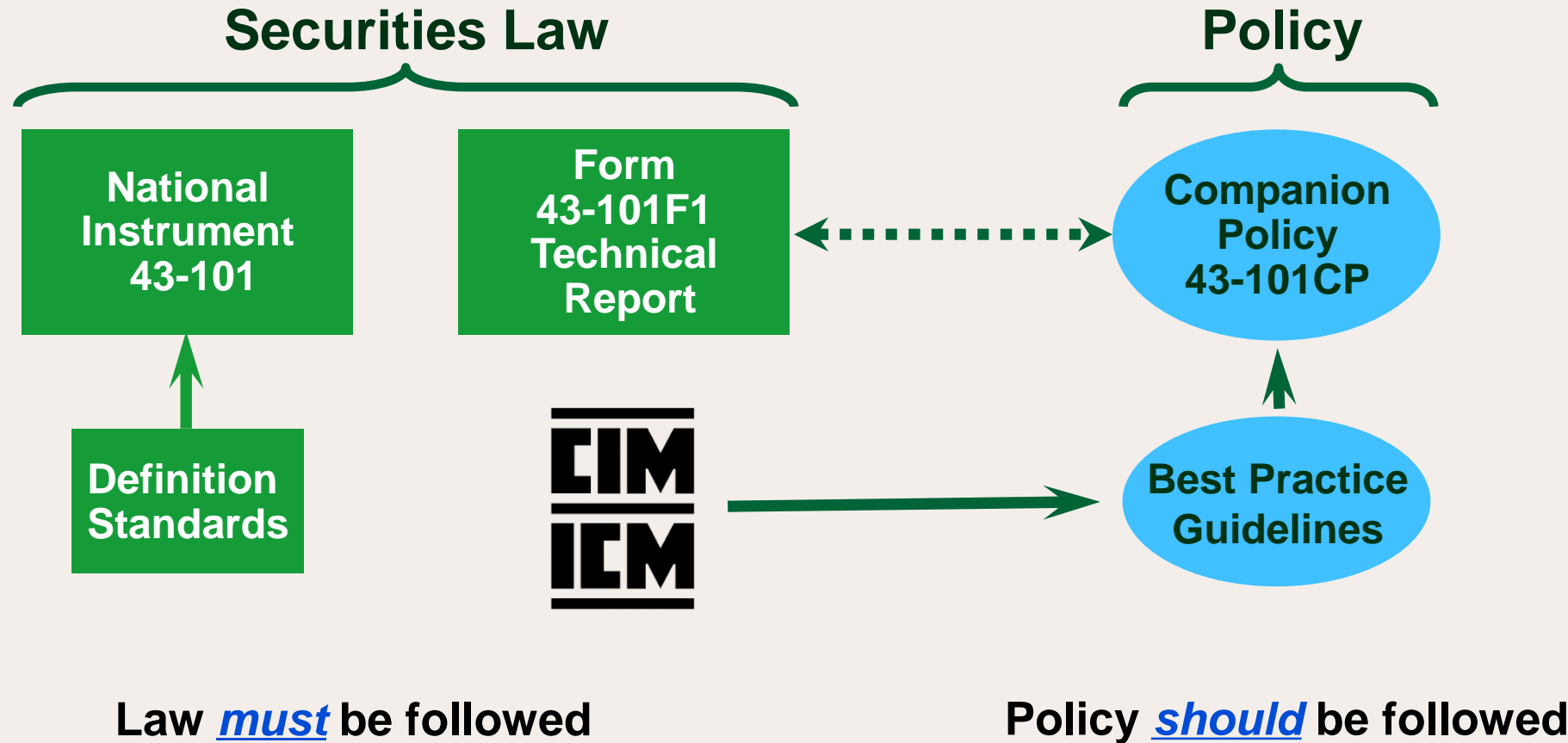


Source: Committee for Mineral Reserves Int'l Report Standards 'CRIRSCO'





# National Instrument 43-101





# NI 43-101: Its' Objective

A disclosure rule to enhance accuracy & integrity of mining disclosure through national standards

**It requires that public reporting of mineral project information is:**

- Balanced & not misleading
- Understandable to a reasonably person
- Based on reliable & verified data
- Based on reasonable assumptions which are clearly explained
- Uses standardized terms & definitions
- Unbiased & identifies the potential risks & uncertainties
- Signed off by a professional (QP) who takes responsibly for the information



# NI 43-101: What it is Not

**It is not a brand**

**It is not a guarantee of good work**

- It places an obligation on the issuer to have work done by a QP

**It is not a cookbook for mineral estimation**

- The rule sets **disclosure standards**, not estimation practices

**It is not a vetting process by a regulatory agency**

- Just because a technical report or news release is filed does not mean it is compliant
- It is an issuer's responsibility to comply



**Disclosure is for the public, aka non-experts**

**It should, at its' most basic include:**

- What work has been completed
- What are the results of the work; what they mean
- What are the plans for the next steps

**NI 43-101 provides the framework to disclose information in a consistent way**



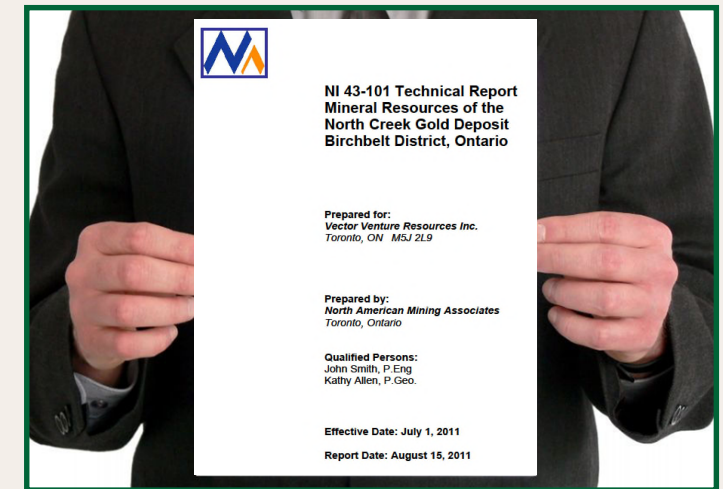
# Core Elements of NI 43-101



**Qualified Person**



**CIM Definition Standards  
(adapted from CRIRSCO)  
*plus*  
CIM Practice Guidelines**



**Technical Report**

# Disclosure: What Counts & Common Pitfalls



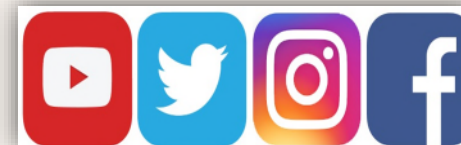




# Under NI 43-101

## Disclosure means:

- any oral statement or written information
- made by, or on behalf of the company
- intended to be, or reasonably likely to be, made available to the public in a jurisdiction of Canada
- whether or not filed under securities legislation...including websites\*



**WESDOME**  
Wesdome Announces Filing of NI 43-101 Technical Report for Previously Announced Mineral Resource Estimate for the Kiama Mine Complex, Quebec.

**TORONTO, Jan. 23, 2019 (GLOBE NEWSWIRE)** – Wesdome Gold Mines Ltd. (TSX: WDO) ("Wesdome" or the "Company") today announces that the Company has filed an independent technical report prepared in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") supporting the mineral resource estimates for the Kiama Mine Complex in Val d'Or, Quebec, reported in the Company's most recent annual report December 31, 2018.

The technical report, titled "NI 43-101 Technical Report and Mineral Resource Estimate for the Kiama Mine Complex, Quebec", was prepared by InnoEnergy Inc. by Christine Beaudoin, P. Eng., Stéphane Fleury, P. Eng., and Carl Feltner, P. Eng., and by Cerro Technology and Research Inc. by Stéphane Lévesque, P. Eng., all of whom are independent of the Company and a "Qualified Person" as defined in NI 43-101. The full report can be found on the Company's website at [www.wesdome.com](http://www.wesdome.com) and under the Company's investor profile at [www.investor.wesdome.com](http://www.investor.wesdome.com).

**HIGHLIGHTS OF INTERIM MINERAL RESOURCES – December 31, 2018:**

**A Zone Mineral Resources (Only Silver Ores)**

Measured	Tonnage	Gold Grade (g/t Au)	Gold Ounces
Included	212,000	0.35	24,200
Total Min	208,000	0.35	24,200
Inferred	636,000	0.42	231,000

Recently Defined In-Mine Resources at Kiama Complex since 2016, broken down by (A, B, South, VC and SRZ Zones)

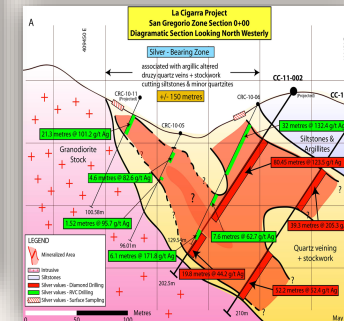
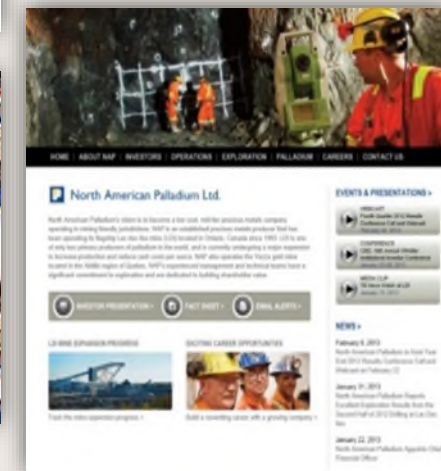
Measured	Tonnage	Gold Grade (g/t Au)	Gold Ounces
Included	1,028,000	0.35	211,100
Total Min	1,028,000	0.35	211,100
Inferred	980,000	0.32	287,400

**Total Kiama Mine Complex**

Measured	Tonnage	Gold Grade (g/t Au)	Gold Ounces
Included	61,700	0.20	6,300
Total Min	1,089,700	0.30	217,400
Inferred	4,136,300	0.27	1,097,200

\* Detailed notes in table 4 of this press release.  
+ Measured and Inferred Resources are exclusive of interest.  
Min grades supplied in between 25 – 30 grams per tonne.

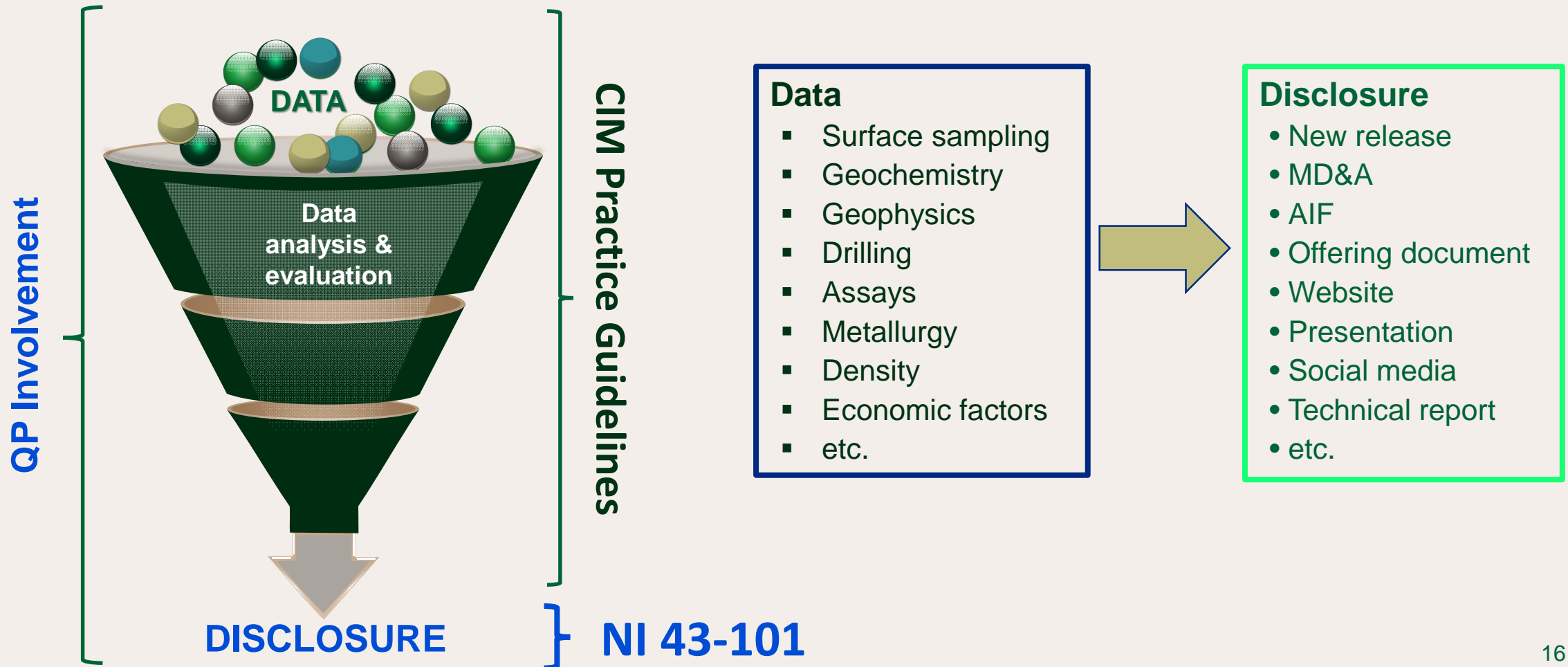
The technical and geochemical content has been compiled, reviewed and approved by Bruce Turcotte, P. Eng., (2018) MPEI, Senior Project Geologist of the Company and a "Qualified Person" as defined in NI 43-101.



\* Disclosure reviews by regulators look at many different public documents not just SEDAR+



# From Data to Disclosure



# Technical Reporting basic Disclosure Path





# NI 43-101 Technical Report Basics

The Technical Report is:



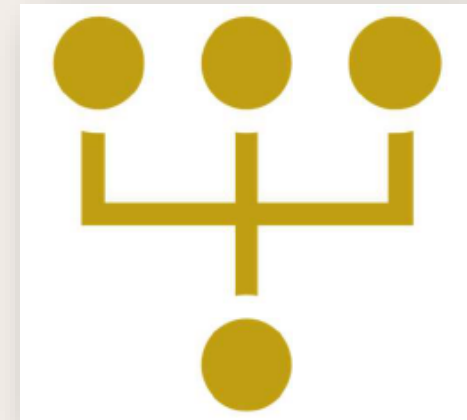
A **summary** of scientific & technical information about the activities on a mineral project

The Technical Report is intended for:



The audience is **the public** and **their advisors** who, in most cases, will not be mining experts

And how *technical* should a Technical Report be?



Should be **simplified and understandable** for the public



# Misconceptions About Technical Reports

- Technical reports are “approved” by the regulator before being publicly filed on SEDAR+
- The company has a “43-101” report, so it *‘must be a good’* project
- The technical report is over 500 pages long, so it must be an advanced property and close to being in production
- How could the project fail? – it had a “43-101” technical report!

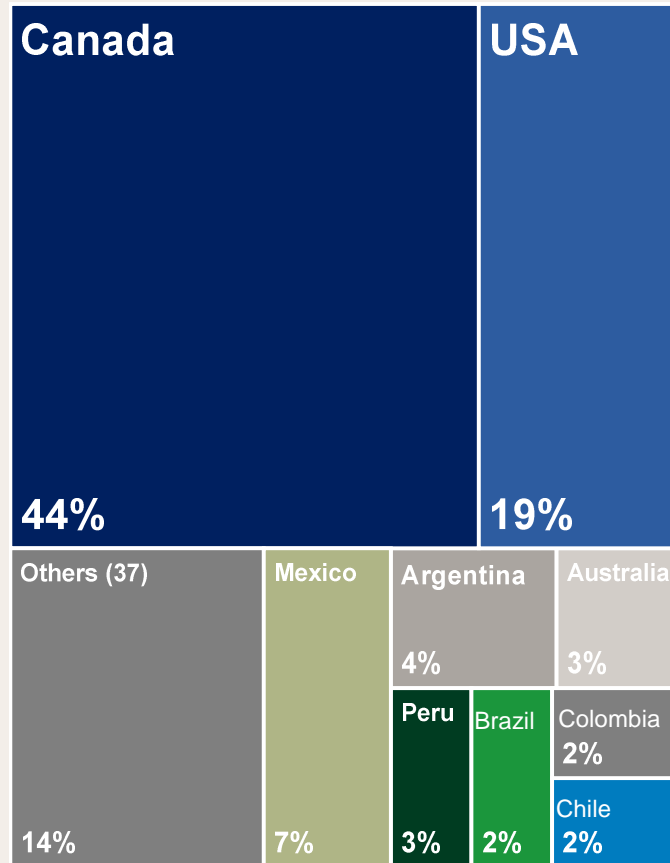
## *Remember:*

- NI 43-101 is a **disclosure standard** not a **technical standard** nor a **measure of merit**
- *The QP is responsible for the methods, assumptions, and judgements used for verifying, interpreting, and reporting of the technical information*

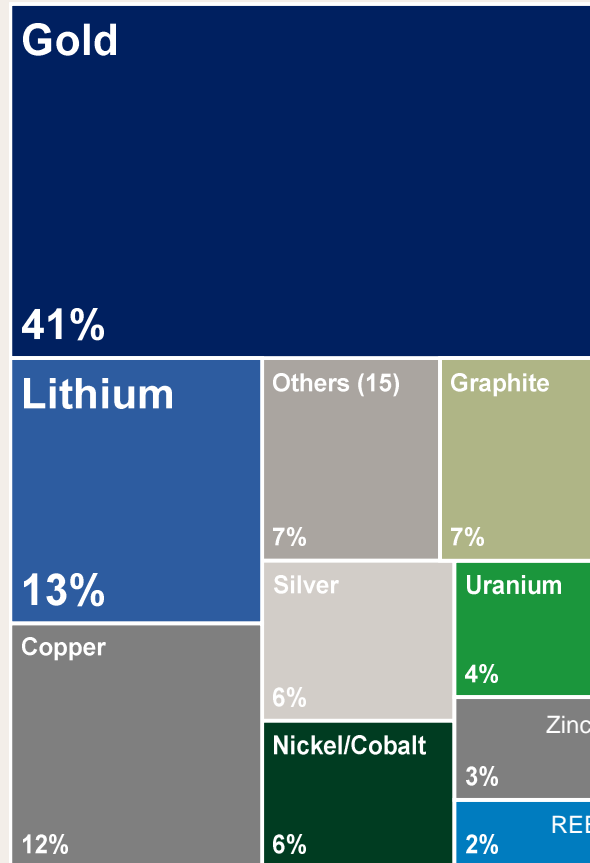


# Technical Reports Filed on SEDAR+ 2023

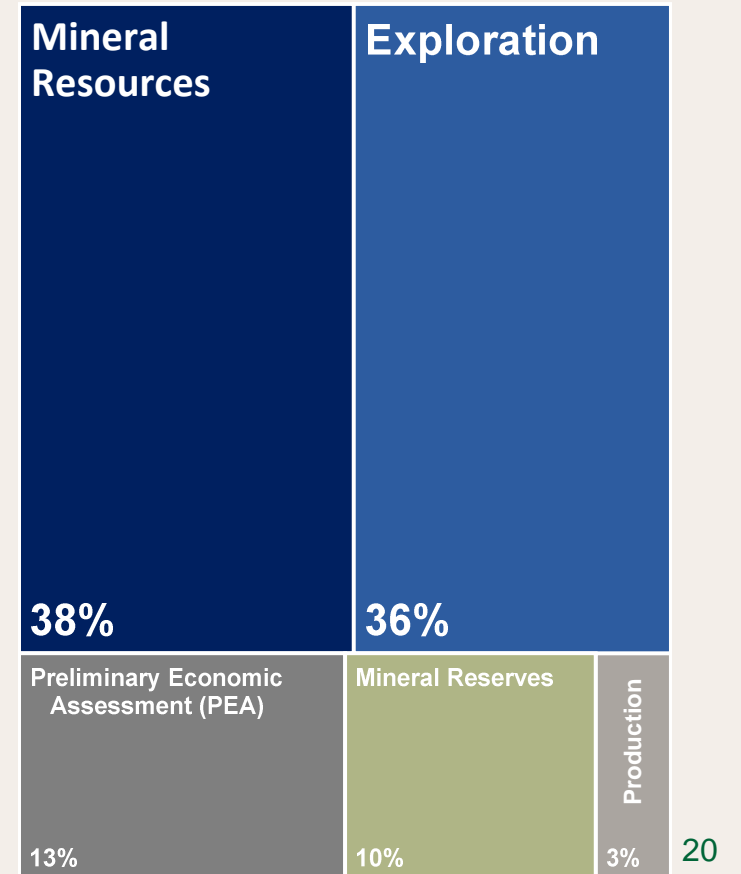
Project Location



Primary Commodity



Development Stage

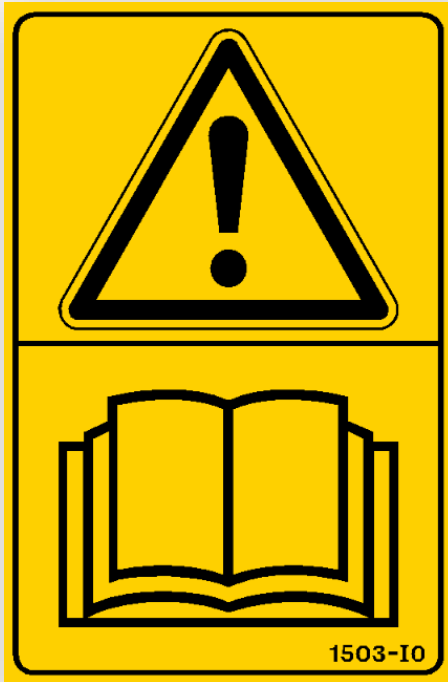


638 Technical Reports filed in 2023





# When all else fails, read the Instructions



The Form's 9 instructions – '*cheat sheet*' style:

1. Provide a **summary** of the information about the mineral project
2. Follow NI 43-101 and the Form 43-101 F1 requirements
3. Technical report should use plain language
4. Items 1 to 14 and 23 to 27 are for all projects; Items 15 to 22 for "advanced properties"
5. There is only one current technical report on a property at a time
6. QP determines the level of detail necessary
7. Do not use disclaimers
8. Appendices should not be included
9. Remember the QP certificates & consents



# Form 43-101F1 Items

- Item 1: Summary
- Item 2: Introduction
- Item 3: Reliance on Other Experts
- Item 4: Property Description and Location
- Item 5: Accessibility, Climate, Local Resources, Infrastructure and Physiography
- Item 6: History
- Item 7: Geological Setting and Mineralization
- Item 8: Deposit Types
- Item 9: Exploration
- Item 10: Drilling
- Item 11: Sample Prep., Analyses and Security
- Item 12: Data Verification
- Item 13: Mineral Processing and Metallurgical Testing
- Item 14: Mineral Resource Estimates

- Item 15: Mineral Reserve Estimates
- Item 16: Mining Methods
- Item 17: Recovery Methods
- Item 18: Project Infrastructure
- Item 19: Market Studies and Contracts
- Item 20: Environmental Studies, Permitting and Social or Community Impact
- Item 21: Capital and Operating Costs
- Item 22: Economic Analysis
- Item 23: Adjacent Properties
- Item 24: Other Relevant Data and Information
- Item 25: Interpretation and Conclusions
- Item 26: Recommendations
- Item 27: References

**Note:** Items 15-22 are required for a technical report on an [advanced property](#)



# Technical Report - Common Mistakes

- The Report is not addressed to the issuer
- The issuer's rights to the property are not disclosed
- Work has been done on the property since the last QP visit
- Items (sections) are missing
- Includes disclaimers
- Illegible figures
- Missing cautionary language *each* time an adjacent property is mentioned
- Restricted Disclosure (section 2.3 of NI 43-101)
- Disclosing resources without cautionary statements when necessary
- The resource/reserve disclosed was not prepared for the issuer



# High-Level Fatal Flaw Checklist

## QP certificates

- QPs relevant experience
- Independence, when required
- Current Personal Inspection - who, when & what

## Summary section

- Clear, concise, & complete

## Reliance on other experts

- Only legal, political, environmental, or tax

## Exploration Targets & Historical Estimates

- Basis, source, and cautionary statements
- Not treated as a mineral resource

## Data verification

- Steps taken by QP to verify the data

## Mineral Resources & Reserves

- Reasonable assumptions & cut-off grades
- Metallurgical recovery considered
- 2014 CIM Definition Standards
- Constraints applied

## Mining Study Level & Economic Analysis

- PEA, PFS, and FS are used properly
- Taxes, discount rate, sensitivities

## Environmental, Permits, & Social Impacts

- Permitting processes identified
- Social license issues highlighted

## Risks

- Potential property-specific impacts are clearly identified

*Note: these are only some potential pitfalls*



# Top 5 Disclosure Deficiencies: Form 43-101F1

## **Item 3:** Reliance on Other Experts

- Must be limited to reliance on legal, political, environmental, or tax (not technical)

## **Item 12:** Data Verification

- Lack of data verification by the QP, and lack of QP's opinion on adequacy of the data

## **Item 11:** Sample Preparation, Analyses & Security

- Missing QA/QC info., assay & analytical procedures, name of lab, sample preparation

## **Item 10:** Drilling

- Missing location, azimuth, and dip of drill holes, true widths, higher grade intervals

## **Item 23:** Adjacent Properties

- Lack of cautionary language, properties of the issuer



# Top 5 Disclosure Deficiencies: NI 43-101

## 2.4 Disclosure of Historical Estimates

- Lack of source and date, main assumptions if known, cautionary language

## 3.3 Requirements for written disclosure of exploration information

- Missing assay procedures, name of lab, QA/QC, true widths, higher grade intervals

## 2.2 All disclosure of mineral resources or mineral reserves

- No resource and reserve categories, only reporting contained metal, adding inferred

## 3.2 Written Disclosure to Include Data Verification

- No discussion of what the QP has done to verify the data

## 2.3 Restricted Disclosure

- Omitting PEA caution for inferred, exploration target ranges, and gross metal values





# Some of the most common other issues

- Comparisons to other projects not at the same stage
- Metal Equivalents without recoveries etc.
- Grade x Width when not used for trend analysis/prospectivity
- Data Verification disclaimers
- Failing to name the QP
- Overly promotional – including things like “near production”
- Proximal & prominent cautionary language



# What Happens if Disclosure doesn't comply?

NI 43-101 is enforceable under the Securities Act

## **Possible outcomes:**

- News release clarifying and/or retracting previous disclosure
- Amending and refileing a technical report
- Filing a technical report that should have been filed earlier
- Company placed on the default list
- Cease trade order or management cease trade order
- Referred to enforcement for further investigation

## **Other possible outcomes:**

- Class action lawsuit filed under civil liability provisions of the Securities Act
- Complaint forwarded to the QP's professional association



# Disclosure Review Process

## Formal comment letter is sent electronically to a company

- Outlines specific disclosure concerns, tied to the Instrument or Form specifically
- Requests the company explain, clarify, or remove disclosure, or other corrective action

Staff may comment on issues such as:

- Non-compliance with NI 43-101, or disclosure not based on industry best practices
- Website disclosure that includes economic projections unsupported by a technical report
- Technical reports that do not comply with Form 43-101F1
- Company is generally requested to respond in writing within **5-10 business days**
- Disclosure review process may involve multiple comment /response letters
- Staff may also conclude that the company is in “default” of a specific filing obligation

# NI 43-101 v. S-K 1300





# NI 43-101 ≠ S-K 1300

- NI 43-101 has been in place since 2001, SEC team looked at other disclosure standards
- S-K 1300 took effect in 2021
- S-K 1300 has moved the SEC a long way from Industry Guide 7
- S-K 1300 is considered part of the CRIRSCO “family”
- S-K 1300 is also part of Securities Laws (in the USA)



# Differences

## NI 43-101

- Applies to all scientific & technical disclosure including non-filed disclosure
- Is based on the individual QP, not a single sign-off
- Has independence requirements for certain Technical Reports
- Technical Reports under Form 43-101F1 are milestone driven not periodic

## S-K 1300

- Only applies to “core” documents (offerings, financials, annual reports, etc.)
- Maybe signed by an “entity” not the individuals
- Does not have independence requirements
- Is a “continuous disclosure” standard for Technical Report Summaries, must be reviewed/filed annually

# COMPARISON SK-1300 VS NI43-101

Terms used between S-K 1300 and NI43-101 are similar

SEC Table of Contents (229.601)		NI 43-101F1 Table of Contents		
1	Executive Summary	1	Summary	All Properties
2	Introduction	2	Introduction	
3	Property Description	4	Property Description and Location	
4	Accessibility, Climate, Local Resources, Infrastructure and Physiography	5	Accessibility, Climate, Local Resources, Infrastructure and Physiography	
5	History	6	History	
6	Geological Setting, Mineralization, and Deposit	7	Geological Setting and Mineralization	
		8	Deposit Types	
7	Exploration	9	Exploration	
		10	Drilling	
8	Sample Preparation, Analyses, and Security	11	Sample Preparation, Analyses and Security	
9	Data Verification	12	Data Verification	
10	Mineral Processing and Metallurgical Testing	13	Mineral Processing and Metallurgical Testing	
11	Mineral Resource Estimates	14	Mineral Resource Estimates	
12	Mineral Reserve Estimates	15	Mineral Reserve Estimates	
13	Mining Methods	16	Mining Methods	
14	Processing and Recovery Methods	17	Recovery Methods	
15	Infrastructure	18	Project Infrastructure	
16	Market Studies	19	Market Studies and Contracts	
17	Environmental Studies, Permitting, and Plans, Negotiations, or Agreements with Local Individuals or Groups	20	Environmental Studies, Permitting and Social or Community Impact	All Properties
18	Capital and Operating Costs	21	Capital and Operating Costs	
19	Economic Analysis	22	Economic Analysis	
20	Adjacent Properties	23	Adjacent Properties	
21	Other Relevant Data and Information	24	Other Relevant Data and Information	
22	Interpretation and Conclusions	25	Interpretation and Conclusions	
23	Recommendations	26	Recommendations	
24	References	27	References	
25	Reliance on Information Provided by the Registrant	3	Reliance on Other Experts	



# We get asked all the time...

Can we do one report to cover both NI 43-101 and S-K 1300?

Short answer – we've yet to see it work out, while they are similar, they are different enough to not be the same



# What's Next for Mineral Project Disclosure





# CRIRSCO & JORC

There are new definitions being approved for CRIRSCO

There is a new draft JORC out for comment



# National Instrument 43-101 Policy Project

In October 2023, new Policy Project to *modernize & enhance* NI 43-101, Form 43-101F1, & Companion Policy 43-101CP began

***NOT*** intended to be major changes

- Propose changes will be supported by staff compiled data, disclosure reviews & consultation paper responses

Both Targeted & Public Consultations will be part of the process

Focus to be on clarity, efficiency, and more specifically the length of technical reports



# Areas being considered - 1

## Improvement and Modernization of NI 43-101

- Consider, where appropriate, providing alignment of NI 43-101 disclosure requirements with others (S-K 1300, JORC, CRIRSCO Template, etc.)
- Exploration targets, equivalent grades, addition of inferred etc.

## Data Verification

- Clarification, if necessary

## Historical Estimates

- Consider providing guidance on how to disclose a “previous estimate” done by the same issuer on its mineral project

## Preliminary Economic Assessment

- The definition of preliminary economic assessment (PEA)



# Areas being considered - 2

## Qualified Person Definition

- Consider modifying or clarifying the criteria in the definition of a qualified person and provide additional guidance

## Current Personal Inspection

- Consider removing the seldom used site visit deferral for seasonal weather conditions

## Mineral Resource / Mineral Reserve Estimation

- Consider requiring disclosure of specific information for “reasonable prospects for eventual economic extraction”

## Environmental & Social Disclosure

- Consider requiring disclosure in all technical reports, including for exploration stage projects



# Areas being considered - 3

## Rights of Indigenous Peoples

- Consider requiring specific disclosure in technical reports about the mineral project with respect to Rights of Indigenous Peoples and the relationship of a company with Indigenous Peoples

## Capital and Operating Costs, Economic Analysis

- Consider adding more specific disclosure requirements in Item 21: Capital and Operating Costs

## Any Other Aspects for Improvement of NI 43-101



# More to Come

- We have started the process
- We have more work to do
- This work will not be done without public input
  - We will also rely on CIM and our advisory panels to offer ideas, opinions & guidance
- We hope to publish for comment before PDAC 2025
- We will continue to conduct short courses & presentations – there will be more too when any revisions are proposed



# Key Resources

- **BCSC** at: [www.bcsc.bc.ca](http://www.bcsc.bc.ca) specifically [www.bcsc.bc.ca/mining](http://www.bcsc.bc.ca/mining)
- **SEDAR+** (System for Electronic Document Analysis and Retrieval) at: [www.sedarplus.ca](http://www.sedarplus.ca)
- **CRIRSCO** (Committee for Mineral Reserves International Reporting Standards) at: [www.crirSCO.com](http://www.crirSCO.com)



# Questions

